



# Commonwealth of Virginia

## *Auditor of Public Accounts*

Walter J. Kucharski  
Auditor of Public Accounts

P.O. Box 1295  
Richmond, Virginia 23218

October 31, 2012

Tim Barber  
Board Chairman  
P.O. Box 426  
Chatham, VA 24531

County of Pittsylvania

Dear Mr. Barber:

We have reviewed the Commonwealth collections and remittances of the Treasurer, Commissioner of the Revenue, Sheriff, and Commonwealth's Attorney of the locality indicated for the year ended June 30, 2012. Our primary objectives were to determine that the officials have maintained accountability over Commonwealth collections, established internal controls, and complied with state laws and regulations.

The results of our tests found the Treasurer, Commissioner of the Revenue, Sheriff, and Commonwealth's Attorney complied, in all material respects, with state laws, regulations and other procedures relating to the receipt, disbursement, and custody of state funds, except as follows.

The Commonwealth's Attorney did not comply with state laws and regulations as described below.

### Properly Remit Excess Collection Fees

The Commonwealth's Attorney under remitted the Commonwealth's portion of the excess fees of \$3,014.23, from the in-house collection program for fiscal year 2011. The Commonwealth's Attorney did not reconcile his accounting records with the actual amount of excess funds held by the Treasurer. The Commonwealth's Attorney should notify the Treasurer of this amount to send to the Commonwealth and send an amended collection program report to the Compensation Board.

The Sheriff did not maintain sufficient internal control over state funds as described below.

### Improve Management over Local Collections

The Sheriff does not have adequate internal controls over the local fees, donations, and inmate trust funds. Specifically, we noted the following weaknesses.

- The Sheriff is holding collections received through the automated inmate medical and housing kiosk three months before remitting the collections to the local Treasurer.

- The Sheriff did not deposit DARE collections with the local Treasurer as required by Section 15.2-1615 of the Code of Virginia. Instead, the Sheriff deposited these collections in a separate bank account. The end of year balance in the account was \$3,037. The Sheriff disbursed DARE funds from the account without an appropriation from the local governing body. Section 15.2-2506 of the Code of Virginia requires an appropriation for all expenditures.
- The Sheriff did not deposit local fingerprint and background fees with the local Treasurer as required by Section 15.2-1615 of the Code of Virginia. Instead, the Sheriff deposited the fees into his petty cash checking account.
- The Sheriff holds local insurance incident report fees in his office for a month before depositing with the local Treasurer.
- The Sheriff delays depositing money collected from new inmates into the inmate trust fund bank account for a month. Instead, the Sheriff seals the money in an envelope and keeps it in a lockbox until depositing.

We recommend the Sheriff establish proper procedures to improve internal controls relating to these local fees, donations and inmate trust funds. These procedures should include sending all local fees and donations to the local Treasurer daily and closing his DARE checking account. The Sheriff should deposit collections for the inmate trust funds into the inmate trust fund bank account daily. Further, the Sheriff should send collections received through the automated Kiosk to the local Treasurer monthly. Finally, the Sheriff should review the Virginia Sheriff's Accounting Manual with his staff.

The Treasurer did not maintain sufficient internal control over state funds as described below.

#### Perform Monthly Reconciliations

The Treasurer does not perform a monthly reconciliation of the estimated tax collections to the Commonwealth Accounting and Reporting System (CARS) reports provided by the Department of Accounts. Monthly reconciliations are a significant internal control that is essential for determining the reliability of information. We acknowledge the County's accounting system produces some reports of estimated tax collections; however these reports do not provide the information and account detail to reconcile CARS and the subsidiary ledger.

The Treasurer should work with the County's Information Technology Department, to ensure the accounting system will produce all necessary reports to reconcile estimated collections to CARS on a monthly basis as required by Section 58.1-3168 of the Code of Virginia. Proper procedures will ensure complete and accurate recording of tax collections.

Tim Barber, Board Chairman  
October 31, 2012  
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We discussed these comments with the Commonwealth's Attorney, Sheriff, and Treasurer on October 31, 2012 and we acknowledge the cooperation extended to us during this review.

Sincerely,

Auditor of Public Accounts

WJK: clj

cc: William D. Sleeper, County Administrator  
Teresa D. Easley, Treasurer  
Samuel W. Swanson, Jr., Commissioner of the Revenue  
Michael W. Taylor, Sheriff  
David N. Grimes, Commonwealth's Attorney